

MEMORANDUM

SUBJECT: Notice of Proposed Rulemaking - Approval and Promulgation of Federal Implementation Plan for Existing Oil and Natural Gas Well Production Facilities; Uintah and Ouray Indian Reservation in Utah (Tier 3; SAN 5872; RIN 2008-AA02) – **TRANSMITTAL MEMORANDUM**

FROM: Shaun L. McGrath
Regional Administrator

THRU: Janet G. McCabe, Acting Assistant Administrator, OAR

TO: Laura Vaught, Acting Associate Administrator
Office of Policy (1806A)

Attached for your review is a proposed rule to be transmitted to the Office of Management and Budget (OMB) for Executive Order 12866 review. The proposed rule is a reservation-specific Federal Implementation Plan (FIP) for oil and natural gas production facilities on the Indian country lands within the Uintah and Ouray Indian Reservation (U&O Reservation), Utah. This proposed rule would establish enforceable control requirements for reducing volatile organic compound (VOC) emissions from oil and natural gas production activities within the exterior boundaries of the U&O Reservation. Specifically, the proposed rule would fill a regulatory gap by requiring owners and operators of existing oil and natural gas production facilities to reduce VOC emissions in a manner equivalent to what is already required by the Utah Department of Environmental Quality (UDEQ) for existing oil and natural gas production facilities located in the state but outside the Indian country lands within the U&O Reservation.

Specifically, this action proposes to:

- establish federally enforceable requirements for owners and operators of existing oil and natural gas well production facilities that have over 4 tons per year of VOC emissions from glycol dehydrators, storage tanks, and pneumatic pumps, which is the same threshold Utah uses.
- requires that existing facilities over the threshold must install a flare or other control device with 98 percent VOC destruction efficiency for emissions from storage tanks, glycol dehydrators, and pneumatic pumps. This is consistent with Utah's air permit rules.
- provide 18 months for operators to retrofit their existing facilities, which allows for operators to distribute retrofits across that time for efficient resource management. We anticipate emission reductions beginning in late 2016 prior to the 2016-2017 winter ozone season, which may help lower the Uinta Basin's nonattainment classification to Marginal.

This rule will be implemented by EPA (or by the Ute Indian Tribe, if delegated the authority to do so)

until replaced by an EPA-approved Tribal Implementation Plan. The proposed rule requirements are consistent with other Region 8 states' requirements for crude oil, condensate, and produced water storage tanks, glycol dehydrators, pneumatic pumps, closed-vent systems, enclosed combustors and utility flares, pneumatic controllers, tank truck loading and unloading, and equipment leak detection and repair. However, we are proposing levels of control that seek primarily to make requirements consistent across the Uinta Basin on and off the Indian country lands within the U&O Reservation and to protect air quality. Therefore, the requirements in the proposed rule most closely reflect UDEQ requirements for existing oil and natural gas production facilities in the Uinta Basin.

This is a Tier 3 rule. Region 8's Air Program worked with Office of Regional Counsel, Office of Air Quality Planning and Standards, Office of General Counsel and the Office of Policy throughout the proposed rule's development. All comments have been considered and the proposed rule addresses those comments. OGC concurred with this proposed rule. Please submit this package for review by the OMB under Executive Order 12866 and the Paperwork Reduction Act.